HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Starts to stay above 200,000 through 2006

Overview

Housing starts:

2004: 233,431
2005: 216,300
2006: 201,100

Resales:

2004: 456,108
2005: 445,100
2006: 427,300

Housing starts: Residential construction will moderate from 2004's 17-year high to reach 216,300 starts this year. Housing starts will remain above 200,000 units for a fifth consecutive year in 2006.

Resales: Sales of existing homes will decline modestly this year and next as rising carrying costs will negatively impact demand, particularly among first-time buyers.

Resale prices: There has been strong price growth in the resale market over the past three years. With moderating sales activity and an increasing supply of new listings, price increases will not be as brisk in 2005 and 2006. (Details on Page 3)

The Nation's HOT SPOTS

British Columbia: Residential construction in British Columbia is poised for a sustained high level of activity in the coming years. Growth in 2005 will be based on supportive fundamentals – moderate economic growth, momentum from past employment gains, and positive migration flows. (Details on Page 9)

Saskatchewan: Growth in the energy and mining sectors are the major factors behind Saskatchewan's positive outlook. Job creation and a falling unemployment rate will result in fewer people leaving the province in search of work. These factors will facilitate the creation of new households and bolster the demand for housing this year. (Details on Page 11)

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First Quarter 2005

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CMHC Housing Market Outlook Canada is your national sales, marketing, and business planning tool.

Canada

CMHC SCHL
HOME TO CANADIANS

CMHC — HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

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National Housing Outlook

In Detail

Housing starts in Canada are forecast to decline 7.3 per cent this year to 216,300 units, down from 2004's 17-year high of 233,431 units. Half of the decline in starts this year will be due to weakness in Quebec where starts will fall by approximately 9,450 units (-16.2 per cent) due to less robust economic and market conditions. Residential construction will continue to ease next year with national housing starts dipping 7.0 per cent to 201,100 units.

Looking ahead, the housing market is set to moderate in 2005 and 2006 to 216,300 units and 201,100 units, respectively. Pent up demand for housing is eroding and new home construction will gradually move toward levels that are more in line with demographics. Also, as interest rates nudge higher in both 2005 and 2006 and house prices continue to rise, mortgage carrying costs will increase.

At the same time, rising vacancy rates in many centres across the nation will constrain rent increases. As a result, home ownership will become more expensive relative to renting, which will contribute to decreased demand for ownership housing.

Over the past few years, many households have taken advantage of historically low mortgage rates to buy a home. However, three years of strong price increases in many parts of the country have pushed carrying costs higher. As a result, home buyers now face higher costs of home ownership. Repeat buyers, however, have been somewhat insulated from rising prices because of equity gains in their existing homes. Therefore, the rise in mortgage carrying costs will have the greatest impact on first-time buyers.

Single detached starts to fall in 2005

Single detached construction activity hit a 16-year high at 129,171 starts in 2004 and is forecast to fall 8.3 per cent to 118,500 starts this year. This slowing trend will continue in 2006 with single family housing starts forecast to decline an additional 7.2 per cent to 110,000 units.

Single-detached housing starts are forecast to fall in every province across Canada this year except Manitoba and Saskatchewan where they will increase slightly. Double-digit declines for 2005 are forecast in Newfoundland, PEI, Quebec and Alberta where single detached starts are forecast to drop by 14.8, 12.0, 11.7, and 11.1 per cent, respectively.

Starts of multi-family homes will decline in 2005

Multi-family housing starts (semi-detached, row and apartment units) peaked in 2004 at 104,260 units, which represents an 18-year high. In 2005, multiple starts are forecast to ease 6.2 per cent to 97,800 units. Semi-detached and apartment construction will dip 12.2 per cent and 6.9 per cent respectively, while rows will increase 0.1 per cent.

Across the nation, the largest decreases in multi-family starts will be in PEI (-36.7 per cent), Quebec (-20.5 per cent), and Newfoundland (-10.3 per cent). Multiple starts will be higher in New Brunswick, Nova Scotia, British Columbia, and Saskatchewan thanks to solid gains in apartment construction.

MLS® sales to ease from 2004 record

A record 456,108 MLS® sales transactions took place in 2004. However, rising home prices together with modest increases in mortgage rates, will boost carrying costs and reduce demand. Hence, MLS® sales will decrease 2.4 per cent to 445,100 units in 2005. This trend will continue into 2006 when MLS® sales will fall to 427,300 units.

Across the nation this year, MLS® sales will decrease in three of the four Atlantic provinces. British Columbia, Quebec and Ontario will also see sales of existing homes move lower while Manitoba and Saskatchewan will register an increase in activity. Alberta MLS® sales are forecast to be on par with last year's performance.

Price appreciation to slow this year

Fewer sales and an increase in the number of new listings will ease price pressure in the resale market this year and next. Many centres across the nation have recorded strong price appreciation in the past three years. The average resale house price has increased by 10.0, 9.6, and 9.7 per cent in 2002, 2003, and 2004, respectively. As resale markets in most metropolitan centres move toward a balanced state this year, the rate of increase in house prices will slow. The average MLS® price will increase by 5.8 per cent in 2005 (approximately half the rate of the previous three years) and by 3.4 per cent in 2006.

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Trends Impacting Housing

The Economy

Canada's real gross domestic product (GDP) grew at a 3.2 per cent annual rate in the third quarter of 2004, down from a revised 3.9 per cent in the second quarter. Third quarter real GDP was boosted by a significant increase in non-farm business inventories. Also contributing to economic growth in the third quarter was the annualized 3.0 per cent increase in consumer expenditures, a 8.2 per cent jump in machinery and equipment investment, increased government spending and residential investment. On the other hand, lower exports coupled with rising imports dampened economic growth in the third quarter. This weakness in trade reflects in part the strong value of the Canadian dollar vis-a-vis its U.S. counterpart, which has eroded the competitiveness of Canadian goods.

Personal disposable income also slowed in the third quarter rising by just half of one per cent compared to 1.2 per cent recorded in the second quarter.

Canadian real GDP is forecast to increase by 2.7 per cent in 2004 and strengthen to 3.0 per cent in 2005 and to 3.2 per cent in 2006.

Mortgage Rates

The Bank of Canada held the target for the overnight rate steady at 2.5 per cent at its January 25th announcement. The Bank stated that economic growth has been weaker than expected. With core inflation remaining below the two per cent target, the Bank of Canada is focused on the strong Canadian dollar and its dampening effect on the demand for Canadian goods and services.

Posted mortgage rates are forecast to rise as interest rates head up in 2005-06. The one, three and five-year posted closed mortgage rates are expected to remain low, rising by 25-75 basis points annually this year and next. One, three and five-year mortgage rates are forecast to be in the 4.75-5.50, 5.50-6.25, and 6.00-6.75 per cent range respectively in 2005 and edge up 25-75 basis points in 2006.

However, rising posted mortgage rates will not necessarily lead to higher mortgage rates negotiated between borrowers and lenders. Spreads between mortgage rates and comparable bond yields have remained at 2.00-2.50 per cent in the last few years, providing lenders with some room to negotiate discounts ranging 0.50 to 1.50 percentage points from the posted rates. These spreads and discounts are likely to persist in the near term.

Migration

Migration statistics for the first three quarters of 2004 show that international migration has been trending higher. Thus net migration (immigration minus emigration) in Canada is estimated to have risen by approximately ten per cent in 2004, boosting Canada's population by 192,600 people. Since many new immigrants tend to initially reside in rental accommodations, increased immigration will boost the demand for rental housing.

Employment

December 2004 year-over-year employment growth was up by 1.4 per cent or 228,100 jobs. Construction, FIRE (finance, insurance, and real estate) and professional, scientific and technical services sectors have added 60,600 (6.3 per cent), 56,300 (5.9 per cent), and 59,100 (6.0 per cent) jobs, respectively. The manufacturing sector, however, lost 27,000 jobs (-1.2 per cent) in the same 12 month period.

The seasonally adjusted employment-to-population ratio reached 62.7 per cent in December 2004, matching the December 2003 record level. With the economy near full employment, future job growth will become more constrained by population growth. In the two year period ending December 2003, some 834,000 jobs were added to the employment ranks. There is, however, a lag between employment growth and housing activity as it takes time for those newly employed to become established. Thus, the strong employment growth of 2002 and 2003 boosted resales and housing starts in 2004. About 550,000 jobs are forecast to be created this year and next, which is somewhat below the 834,000 jobs created in the prior 24 month period.

The 2004 annual average employment growth in Canada was 1.7 per cent, down from 2.2 per cent in 2003. Every province recorded increases in employment with growth ranging from a low of 0.7 per cent in Saskatchewan to a high of 2.4 per cent in British Columbia and Nova Scotia. Manitoba, PEI, and Saskatchewan trailed with employment expanding 1.2, 1.0 and 0.7 per cent, respectively.

Canada's labour force expanded by 1.3 per cent, its slowest growth since 1996. As a result of employment growth outpacing labour force growth, the 2004 unemployment rate fell to a three-year low of 7.2 per cent. With expansion in employment forecast to continue to exceed that of the labour force, the annual average unemployment rate will fall to 7.1 per cent this year and 6.9 per cent in 2006.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment
Mortgage rates	With mortgage rates forecast to edge higher over the next two years, demand for home ownership will begin to decrease.
Employment	Significant employment growth in years past has boosted household formation and increased the demand for housing. The economy is approaching full employment, therefore, future job growth will be restricted to the rate of population growth.
Incomes	Rising disposable income has been an important factor supporting the strong housing market and the ensuing price increases. With mortgage rates now forecast to inch higher, continued income growth will be key to supporting future demand for ownership housing.
Net migration	Immigration levels are on track to come in at the higher end of the Government of Canada's target range. This increase in the population due to rising net migration will support demand for rental housing in the near term.
Natural population increase	Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining.
Consumer confidence	The index of consumer attitudes as measured by the Conference Board of Canada indicates that consumer confidence across the nation remains high. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market.
Resale market	Rising carrying costs will moderate resale demand in the years ahead. With resales expected to fall from their record heights and the number of new listings on the rise, future price increases will be more modest.
Vacancy rates	The vacancy rate across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited.

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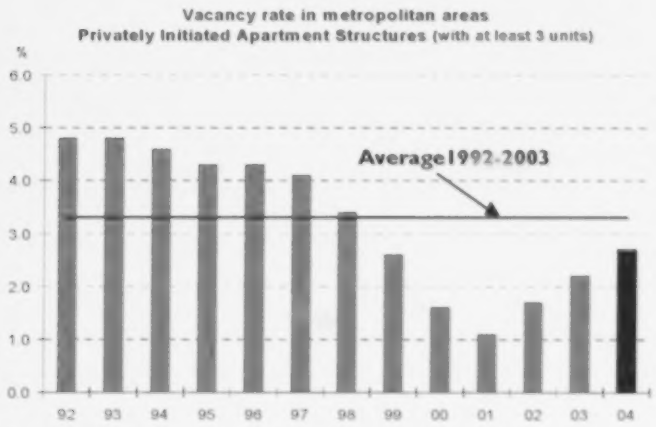
Special Report: Rental Market Overview

Vacancy rates continued to rise in many communities in Canada in 2004. Low mortgage rates brought home ownership within the reach of many renter households and lessened demand for rental housing. Rental apartment completions have added new rental supply and high levels of condominium completions created competition for the rental market.

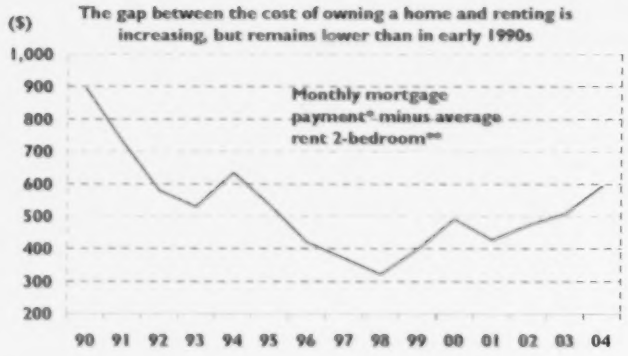
Average rental vacancy rate rose to 2.7 per cent

As expected, the average rental apartment vacancy rate in Canada's 28 major centres[1] rose to 2.7 per cent in October 2004 from 2.2 per cent a year ago. The vacancy rate increased for the third consecutive year in 2004, but it remains below the 3.3 per cent average vacancy rate over the 1992 to 2003 period. Higher vacancy rates were reflected in modest increases in average rents. The average rent for two-bedroom apartments—the most common size on the market— rose modestly by 2.3 per cent in 2004, which was in line with the rate of inflation.



Source: CMHC
Average of 28 major centres. Before 2002, Kingston and Abbotsford were not included.

The rising vacancy rate over the past year is due to various factors. Low mortgage rates have kept mortgage carrying costs low and lessened demand for rental housing by bringing home ownership within the reach of many renter households. While the gap between the monthly mortgage payment* and the average rent for a two-bedroom unit has been growing for the past three years, it remains smaller than it was in the early 1990s. For example, in 2004, the monthly mortgage payment* was close to $600 more than the average rent for a two-bedroom unit while in 1990 this gap was about $900. The gap between mortgage carrying costs and rents was at its lowest in 1998 when home ownership demand in Canada took off. Indeed, Canadian ownership is on an upward trend. Between 1996 and 2001, the increase in ownership rates accelerated to reach 65.8 per cent in 2001, up 2.3 percentage points compared to 1996.


The gap between the cost of owning a home and renting is increasing, but remains lower than in early 1990s
($)
1,000
900
800
700
600
500
400
300
200
Monthly mortgage payment* minus average rent 2-bedroom**
90 91 92 93 94 95 96 97 98 99 00 01 02 03 04

Sources: CMHC, CREA and Bank of Canada
*: Mortgage loan financed at 90 per cent, amortized over 25 years, for a five-year term, using average MLS® price
**: Prior to 2002, Kingston and Abbotsford are excluded

The gap between the monthly mortgage payment and the average 2-bedroom rent will continue to rise because mortgage rates are expected to edge higher while MLS® prices will continue to increase in 2005. This will start to limit the movement of renter households into home ownership and to some extent will be reflected in lower levels of residential construction and resale market activity in 2005. However, demand for home ownership will remain strong and rental construction will add to supply in 2005. As a result, vacancy rates will continue to rise in 2005 to 3.0 per cent.

Continued high levels of condominium completions have also created competition for the rental market and have contributed to rising vacancy rates in many centres. Condominiums are a relatively inexpensive form of housing and are often purchased by renter households switching to home ownership. Condominiums also supplement the rental market because in some cases investors purchase condominiums and rent them out. These units compete with rental units in the traditional rental market surveyed by CMHC. Condominium completions reached 37,578 units in the 12 months ending September 2004, up 6.5 per cent from the number completed in the year ending September 2003. Vacancy rates have also risen because rental apartment completions have added new rental supply in some centres. Between October 2003 and September 2004, 18,806 rental apartments completion were recorded, an addition that was 10.8 per cent larger than in the year ending September 2003.

[1] Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes.

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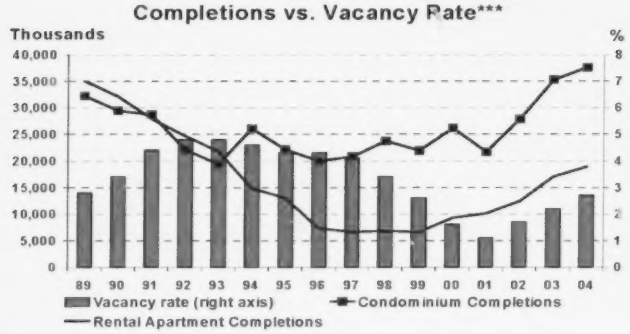
Condominium and Rental Apartment Completions vs. Vacancy Rate*



Source: CMHC
*** Average of 28 major centres, Privately Initiated Apartment Structures (with at least 3 units)
Note: Year is a 12-month period starting from Oct. and ending in Sept. the next year. For example, the year 2004 starts in Oct. 2003 and ends in Sept. 2004.

Counteracting these factors was a rise in international immigration, which was up 15 per cent in the year ending September 2004 compared to the same period a year earlier. Since immigrants are more likely to rent than to own when they first arrive in Canada, this increase has boosted demand for rental accommodations in some centres. Most immigrants tend to settle in Toronto, Montreal and Vancouver.

Overview of local markets

Vacancy rates increased in most markets and for most centres the changes were relatively small.

Windsor: Largest increase and highest vacancy rate in the country

The vacancy rate more than doubled, going from 4.3 per cent in 2003 to 8.8 per cent in 2004. The rising Canadian dollar has affected employment in manufacturing in general and particularly among suppliers to the auto parts industry. As a result, the unemployment rate is rising and among the highest of all CMAs.

Home ownership is more affordable in Windsor than in most other Ontario CMAs because the gap between the relative level of rents and house prices is small. Also, the number of condo apartments completed in 2004 doubled from 2003, adding to the supply of ownership housing at lower price points.

Vacancy rates dropped most in Greater Sudbury, Vancouver and Victoria

Vacancy rates decreased most in Greater Sudbury, Vancouver and Victoria. Greater Sudbury's vacancy rate is at its lowest level since 1992. The vacancy rate dipped to 2.6 per cent in 2004 down from 3.6 per cent in 2003. Strong rental demand was supported by employment in younger age groups and improved net migration. According to Statistics Canada, net-migration was negative, with 2,900 net departures in 1998-1999 while in the 2002-2003 period, net migration turned positive (326 net arrivals).

Typically, Vancouver experiences low vacancies, with a ten-year average rate of 1.5 per cent. Strong rental demand combined with limited additions to the rental stock has reduced the number of vacancies this year. The same forces explain the vacancy rate drop in Victoria, which has the lowest vacancy rate in the country.

Toronto: Vacancy rate is at a historic high

At 4.3 per cent, Toronto's vacancy rate is at a historic high, but the 2004 increase was smaller than that of 2003 and 2002. Ownership demand among renters continued to be strong in 2004 as declines in mortgage rates early in the year offset some of the impact of rising prices. The number of condominium completions fell 27.2 per cent to 10,178 units. Nevertheless, the large number of condominiums completed contributed to the increase in the vacancy rate. Condominiums rented by investors are creating strong competition for the traditional rental market in Toronto. The pace of condominium and rental apartment completions is expected to accelerate in 2005, keeping the rental market soft. Rental completions were down 23.5 per cent, but remained higher than they had been in 2002 and 726 apartments were added to Toronto's rental supply at a time when the vacancy rate is high. Immigration began to recover in 2004 after a sharp drop in 2003, which added to rental demand.

Montreal: The biggest rental market in Canada is still tight

Montreal rental demand has remained strong due to high levels of immigration and youth employment. The completion of both affordable dwellings and privately initiated retirement rental housing units has added to Montreal's rental stock. Low mortgage rates have encouraged people to move from renting to homeownership and have miti-

Centres with Largest Increase in Vacancy Rates	Centres with Largest Declines in Vacancy Rates	Centres with Highest Vacancy Rates	Centres with Lowest Vacancy Rates
Windsor (4.5% pts.)	Greater Sudbury (-1.0% pts.)	Windsor (8.8%)	Victoria (0.6%)
Edmonton (1.9% pts.)	Vancouver (-0.7% pts.)	Saskatoon (6.3%)	Sherbrooke (0.9%)
Saskatoon (1.8% pts.)	Victoria (-0.5% pts.)	Saint John (5.8%)	Winnipeg (1.1%)
Thunder Bay (1.7% pts.)	Trois-Rivières (-0.3% pts.)	Saguenay (5.3%)	Quebec (1.1%)
London (1.6% pts.)	Winnipeg (-0.2% pts.)	Edmonton (5.3%)	Trois Rivières (1.2%)

Source: CMHC's Rental Market Survey, October 2004

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gated the expansion of rental demand. Overall, the vacancy rate remains low (1.5 per cent) and it is still difficult for renter households to find a dwelling within the biggest rental market in Canada.

Calgary: Stabilization of the vacancy rate

In Calgary, the vacancy rate (4.3 per cent) stabilized at its 2003 level, which was a nine-year high. However, the Calgary vacancy rate is well below its peak of 12.3 per cent reached in 1983. A 7.2 per cent drop in the number of condominiums completed to 3,632 units is an indication that the movement of renters into home ownership has slowed. Also, growth in the traditional sources of new rental demand, youth and immigrants, have accelerated. At the same time, only 246 rental apartments were completed (compared to 652 the previous year), implying slower growth in the supply of rental accommodation. This trend was reinforced by the drop in the number of condominium completions, since some condominiums are rented out by investors. Despite the addition of new units to Calgary's rental market, the rental market universe declined due to the continued trend of converting rental apartments to condominiums. During the 12-month period ending October 2004, a record 970 apartment suites were converted from rental to condominium. These contributed to a 909-unit decline in the apartment rental universe, a key factor preventing an increase in Calgary's vacancy rate.

Affordable housing: Many low-income renter households are in core housing need[1]

Despite the fact that vacancy rates have increased in many centres, there are many renter households that pay more than 30 per cent of their income for rent. These households either need less expensive units or require some help to make their shelter costs more affordable.

[1]Households require affordable housing that is not in need of major repair and is large enough to meet their needs. If a household lives in accommodations that do not meet one or more of these criteria and the median rent for local housing that meets all three of these criteria exceeds 30 per cent of that household's income, then that household is said to be in core housing need.

Indicators for metropolitan rental markets
privately initiated apartment structures of three units or more units

	Vacancy rate - Total		Average Rent - Two Bedroom		
	Oct. 2003	Oct. 2004	Oct. 2003 ($)	Oct. 2004 ($)	Percentage Change average rent
Atlantic Region					
St.John's	2.0	3.1	607	618	1.8%
Halifax	2.3	2.9	720	747	3.8%
Saint John	5.2	5.8	504	520	3.2%
Quebec Region					
Gatineau	1.2	2.1	639	663	3.8%
Montréal	1.0	1.5	575	594	3.3%
Québec	0.5	1.1	567	596	5.1%
Saguenay	5.2	5.3	457	459	0.4%
Sherbrooke	0.7	0.9	471	495	5.1%
Trois-Rivières	1.5	1.2	436	457	4.8%
Ontario Region					
Hamilton	3.0	3.4	778	789	1.4%
Kingston	1.9	2.4	768	785	2.2%
Kitchener	3.2	3.5	754	765	1.5%
London	2.1	3.7	736	758	3.0%
Oshawa	2.9	3.4	845	852	0.8%
Ottawa	2.9	3.9	932	940	0.9%
St.Catharines-Niagara	2.7	2.6	704	722	2.6%
Greater Sudbury	3.6	2.6	651	655	0.6%
Thunder Bay	3.3	5.0	672	679	1.0%
Toronto	3.8	4.3	1,040	1,052	1.2%
Windsor	4.3	8.8	776	776	0.0%
Prairie Region					
Calgary	4.4	4.3	804	806	0.2%
Edmonton	3.4	5.3	722	730	1.1%
Regina	2.1	2.7	589	602	2.2%
Saskatoon	4.5	6.3	576	580	0.7%
Winnipeg	1.3	1.1	645	664	2.9%
British Columbia Region					
Abbotsford	2.5	2.8	672	684	1.8%
Vancouver	2.0	1.3	965	984	2.0%
Victoria	1.1	0.6	789	799	1.3%
Total (1)	**2.2**	**2.7**			

(1) Weighted average of CMAs

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British Columbia

Overview

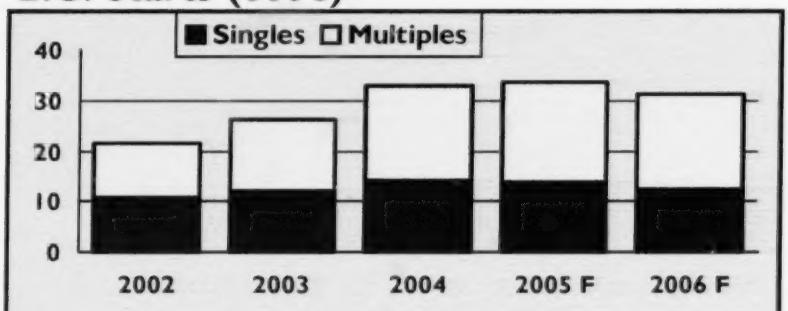
Fundamentals Support Housing

New residential construction in British Columbia is poised for a sustained high level of activity in the coming years. Growth will be based on supportive fundamentals – moderate economic growth, momentum from past employment gains, and positive migration flows building the population base.

The British Columbia economy will grow at a rate near its potential, with broad-based growth contributing to increased employment and high levels of consumer confidence. The higher valued Canadian dollar will have a dampening effect on the province's export and tourism sectors, while making both consumer and business imports cheaper. Increased residential investment along with consumer spending and business investment will translate into overall economic growth of 3.2 per cent in 2005 and 3.3 per cent in 2006.

Improving labour markets relative to other provinces will attract people to the province, generating demand for housing. British Columbia's unemployment rate dipped to a 23-year low in December to 6.1 per cent, well below the national average of 7.0 per cent. Interprovincial migration is forecast to continue its upward trend, with a net gain of 7,000 persons in 2005 and 8,000 persons in 2006.

B.C. Starts (000's)



Source: CMHC

The upward trend in existing home sales has passed its peak as the pent-up demand that had been driving resale activity appears to be waning. New listings are trending up in response to rising prices. Most existing home markets around the province will move to balanced supply and demand conditions in 2005. This will take some of the pressure off of new construction to meet housing demand.

Housing starts will total 33,600 units in 2005 before moderating to 31,100 units in 2006. Rising prices and gradually rising interest rates will increase mortgage carrying costs in British Columbia. As a result, new construction will focus more on multiple-unit developments, accounting for over half of new housing starts during the forecast period.

In Detail

Single Starts: The increase in mortgage carrying costs will impact the more expensive single-detached home market. Starts are projected to total 13,800 units in 2005 and 12,600 units in 2006.

Multiple Starts: A shrinking land supply, decreasing affordability and rising house prices will result in a continuation of the trend towards more multi-unit developments. There are several large-scale developments in the pipeline in the Vancouver CMA, as well as increased activity in the Victoria and Kelowna condominium markets. Momentum in multiple-unit developments will result in 19,800 starts in 2005 and 18,500 starts in 2006.

Resales: Although the forecast is for a decline in existing home sales during the next two years, the level of activity will remain high on a historical basis. The number of homes sold is forecast to decline 6.6% in 2005, but will still be at their third highest level since 1992. In 2006, sales will decrease further to 85,600 units.

Prices: Upward momentum in home prices will remain in 2005 but at a slower pace than during the past two years. Increased listings and rising prices will boost mortgage carrying costs, tempering demand in the existing home market. Average resale prices will increase 6.5 per cent in 2005 and 2.3 per cent in 2006.

Provincial Highlight

International migration is a key source of population growth in British Columbia and contributes to demand for housing. According to BC Stats, the province attracts a higher proportion of immigrants in the business category compared to all other classes of immigrants coming to Canada. Since the inception of the Investor Immigration Program in 1986, approximately 91,000 investor immigrants (and their dependents) arrived in Canada by the end of 2003. Of those, nearly half reported British Columbia as their intended province of destination. Business immigrants are selected primarily on the basis of business skills and experience as well as net worth. They are more likely to come to Canada as family units with teenage children, and hence, more likely to buy a home.

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Alberta

Overview

Housing Market Fundamentals Remain Positive

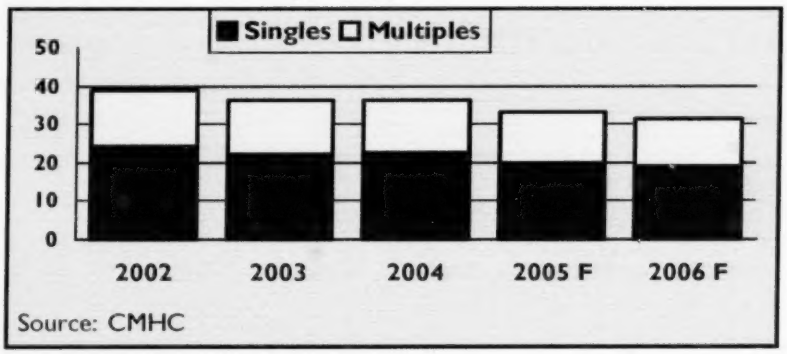
Favourable economic conditions will allow total housing starts to reach 33,000 units in 2005 and 31,500 units in 2006.

Capital spending will be the key driver of economic growth. According to the latest issue of the Inventory of Major Alberta Projects produced by Alberta Economic Development and Tourism, over $94 billion in capital expenditures are planned in the province over the next few years. The importance of the energy sector to the provincial economy is underscored in this inventory as about $64 billion of these expenditures are for oil and natural gas ventures.

The state of the provincial government's finances will also assist in the creation of an optimistic economic climate. In July 2004, the provincial government announced the elimination of its debt. Budget surpluses in the future will allow the government greater flexibility in raising expenditures or reducing taxes.

Continued economic growth will help maintain the confidence of households in purchasing a home as 85 per cent of the workers between the ages of 25 to 44 years have a full time job. Moreover, the province's unemployment rate will decrease to 4.6 per cent in 2005, which is the lowest in the country, thereby attracting workers from other provinces seeking job opportunities. Gains from migration will help fortify the demand for housing.

Alberta Starts (000's)



Source: CMHC

In Detail

Single Starts: Satisfaction of pent-up demand and higher carrying costs will cause single-detached starts to dip from 20,000 units in 2005 to 19,000 units in 2006.

Multiple Starts: The higher cost of owning and constructing a single-family dwelling is shifting the attention of buyers and builders to higher density developments. A greater emphasis on row and semi-detached units will mitigate the decline in apartment construction and help multi-family starts to remain stable at 13,000 in 2005 and 12,500 units in 2006.

Resales: A strong economy and low mortgage rates have led to record resale activity for four consecutive years. The rising cost of home ownership will cause sales to plateau at 57,000 units in 2005 and drop to 54,000 units in 2006.

Prices: In 2005 and 2006, a healthy balance between listings and sales will moderate price gains compared to recent years. Nevertheless, with units at the higher end of the price spectrum gaining in market share, price gains will continue to exceed the overall rate of inflation. The average MLS price is forecast to increase by nearly six per cent in 2005 and 2006.

Provincial Highlight

The rental apartment vacancy rate in Edmonton increased from 3.4 per cent in October 2003 to 5.3 per cent in October 2004. Meanwhile, Calgary's apartment vacancy rate declined from 4.4 per cent in October 2003 to 4.3 per cent in October 2004.

The higher propensity to own in Calgary than Edmonton and the prevalence of low mortgage rates should have also translated into a higher vacancy rate in Calgary in 2004. Do the results reveal a change in the tenure pattern in Calgary? A closer look at the data reveals that this is not the case. A decline in the rental stock helped curb a rise in the vacancy rate. The 2004 rental apartment universe in the Calgary CMA fell by 909 units from the previous year, reaching 42,335 suites. Had this not occurred, the apartment vacancy rate could have been as high as 6.3 per cent in 2004, assuming a constant level of demand of 40,527 rented units.

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Saskatchewan

Overview

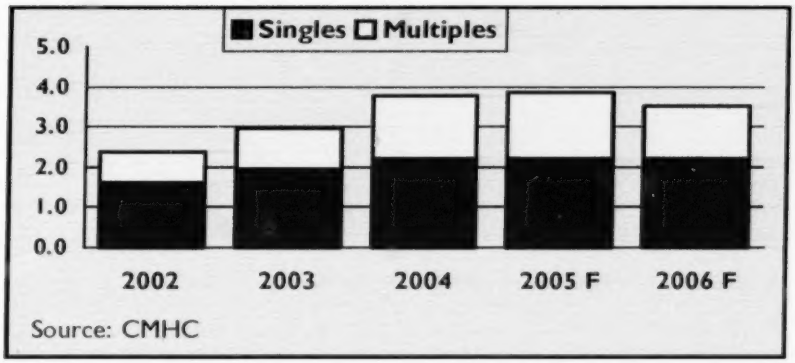
Starts to stay above the five year average

After registering 3,781 units in 2004, total housing starts will increase to 3,850 units in 2005 then decrease to 3,500 units in 2006. Growth in the energy and mining sectors are the major factors behind the positive outlook. Agriculture production will be at normal levels over the forecast period.

The latest Petroleum Service Association of Canada forecast calls for a three per cent increase in drilling activity in 2005. Another positive beyond 2005 is the outlook for the world's uranium markets. World demand for uranium will outstrip supply over the 2005 to 2013 period. Additional capital investment will be needed to increase the province's uranium production. Meanwhile, world demand for potash is beginning to exceed production capacity. Potash producers outside of Saskatchewan are operating at nearly 95 per cent of capacity leaving Saskatchewan's PotashCorp in an excellent position to expand its under-utilized capacity and meet new demand.

Economic growth will lead to the creation of over 13,000 new jobs through 2006 and the unemployment rate will dip to 5.2 per cent. Healthier labour market conditions will result in fewer people leaving the province in search of work. A strong job market and the improvement in net migration will facilitate the creation of new households and bolster the demand for housing.

Saskatchewan Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-family condominium designs have proven to be popular with empty-nesters and land developers are introducing new, affordable subdivisions outside the city limits of Regina and Saskatoon. At 2,200 units in 2005, single-family starts will post their best performance in seven years. Single-family starts in 2006 will remain at 2,200 units.

Multiple Starts: Multi-family starts will reach 1,650 units in 2005 and decrease to 1,300 units in 2006. Developers are moving to satisfy demand from seniors and empty-nesters for luxury apartment condominiums. Multi-family construction is also benefiting from the demand for moderately-priced townhouses from first-time buyers and investors.

Resales: Sales on the Multiple Listing Service (MLS) will rise from 8,500 units in 2005 to 8,800 units in 2006. Demand will stem from intra and inter provincial migration. Demand from move-up buyers will also help to support sales for existing homes.

Prices: The average MLS price will increase 3.8 per cent in 2005 and a further 4.3 per cent in 2006. Although a portion of the price rise is due to a higher proportion of sales in elevated price ranges, there is clear evidence that buyers are paying more for existing homes, especially good quality properties in popular areas.

Provincial Highlight

According to CMHC's Rental Market Survey, the average vacancy rate in the province's urban centres was 5.3 per cent in October of 2004 compared to 4.1 per cent in October 2003.

At 6.3 per cent, Saskatoon landlords saw the highest average vacancy rate recorded since 1990, and the second highest among all Canadian Census Metropolitan Areas. At 2.7 per cent, the overall vacancy rate in Regina matched the national average for all CMAs. In the province's smaller cities, rental market survey results were mixed. Average vacancy in Yorkton declined while there were increases in Prince Albert, Swift Current, and Moose Jaw. There was little change in Estevan, Lloydminster and North Battleford. At 15.9 per cent, the highest average vacancy rate was found in Estevan while the Lloydminster average vacancy rate was close to zero.

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Manitoba

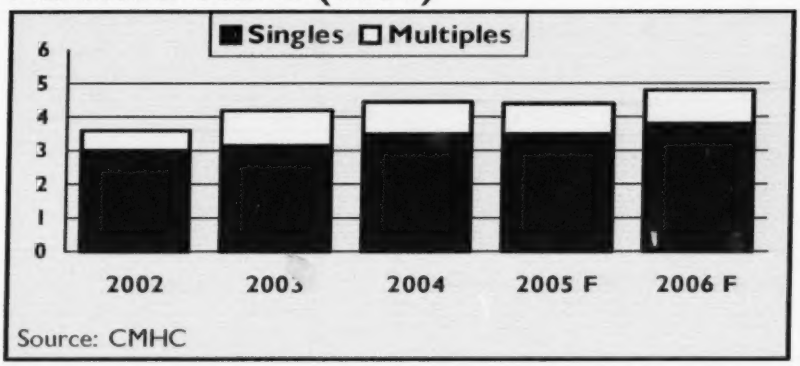
Overview

Starts stay above 4,000 units

After reaching 4,440 units in 2004, total housing starts will decline to 4,400 units in 2005 and rise to 4,800 units in 2006.

Higher population growth is the major driver behind the strong outlook for residential construction. In order to address the shortage of skilled workers, businesses and government in the province have been actively courting international immigrants through the Provincial Nominee Program. The goal of the program is to attract 10,000 immigrants per year by 2006. In 2003, the province recorded a net gain of 5,529 persons from international migration. Through the first three quarters of 2004, the net gain from international migration stood at 5,050 persons, the best nine month performance since 1980. CMHC is forecasting a net gain of 7,800 persons through international immigration in 2005 and 2006. Consequently, the province's population is projected to grow at an average annual rate of 0.9 per cent over the forecast period, the strongest performance since the early 1980s.

Manitoba Starts (000's)



Source: CMHC

In Detail

Single Starts: Manitoba has registered gains in single-family starts five years in a row finishing 2004 with 3,484 units. Single starts will edge higher to 3,500 units in 2005 but will be constrained by a shortage of serviced land in the city of Winnipeg. Continued population growth and an increase in the availability of newly serviced land will push single-family starts to 3,800 units in 2006.

Multiple Starts: Multiple-family starts registered 956 units in 2004, a drop of 8.2 per cent over 2003 but still high in comparison with recent history. Multi-family starts will increase from 900 units in 2005 to 1,000 units in 2006. Demand will come from the 55 years-plus market as empty-nesters take advantage of price gains in recent years to sell their current homes and buy a condominium. New rental units will be built in response to strong rental demand and low vacancy rates in Winnipeg and Brandon.

Resales: An upward trend in active listings will enable MLS sales to climb by 7.5 per cent in 2005 to 13,000 units. Sales will reach 13,800 units in 2006 due to favourable economic and demographic conditions.

Prices Winnipeg accounts for about 90 per cent of Manitoba's resale activity. The persistence of sellers' market conditions in Winnipeg means that price gains in the province will continue to outpace inflation. The average MLS price in Manitoba will increase by 7.3 per cent to $128,000 in 2005 and by 4.7 per cent to $134,000 in 2006.

Provincial Highlight

Since the mid-1990's the number of new households in Winnipeg has outstripped the number of housing starts by more than two to one. With a lack of new housing units to absorb the gain in households, the resale and rental markets have tightened substantially. The number of active listings in the resale market has declined from an average of 5,000 listings in the mid-1990s to less than 1,000 today. The vacancy rate in the rental market which was 6.0 per cent in 1996 has tightened every year since and now stands at 1.1 per cent.

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Ontario

Overview

Strong Home Construction

Ontario home starts were strong in 2004 and ended the year just short of a 15 year record. Lower multiple-family home starts offset higher detached home construction in 2004. Third and fourth quarter starts edged below the exceptionally strong second quarter rate.

Construction will be high, but edge lower over the next couple of years as mortgage rates inch up and the growing number of home listings offer resale home choice. Starts in 2005 will reach 80,500 units, their third highest level in 15 years and edge lower in 2006 to 75,000 units.

Housing demand will be supported by relatively low mortgage rates, moderately strong net in-migration levels and respectable job growth.

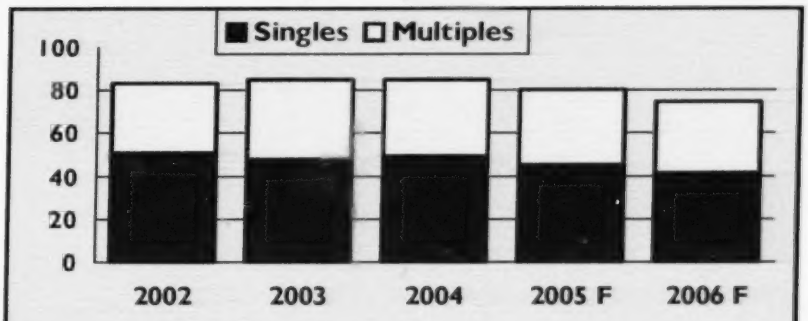
Strong first-time home buying in response to low mortgage rates is evident in higher vacancy rates. Low ownership carrying costs have made buying a home attractive.

High immigration to Toronto will power the province's population growth. Net migration to Ontario, while respectable, has come off its 2001 peak. Net migration in 2004 is estimated to have fallen to its lowest level in three years and will edge up from there. Migration to other parts of Canada and out of the country will partially offset immigration growth.

Employment will grow by less than two per cent until 2006 and add moderately to housing demand. The manufacturing and tourism sectors will be learning to operate with a high Canadian dollar.

Urbanization patterns could be influenced by proposed greenbelt legislation to protect some of the Golden Horseshoe's environmentally sensitive and agricultural lands. Development restrictions will put upward pressure on lot prices and encourage denser housing forms. Long term prospects are for development to leapfrog the green belt.

Ontario Starts (000's)



Source: CMHC

In Detail

Single Starts: Despite a rapidly growing mid 40s population, which prefers low density homes, higher home and land prices, and rising mortgage rates will nudge single detached starts lower to 45,000 units in 2005 and 41,000 in 2006.

Multiple Starts: Starts of semi-detached homes will edge down to 3,800 units in 2005 and 3,500 in 2006. Condominiums will remain an attractive option for first-time buyers. Townhomes will gain popularity among those wanting to be closer to the ground.

Resales: Sales through the Multiple Listing Services will pull back modestly from an all time record in 2004 as home prices and mortgage rates inch up. MLS® sales will edge lower in 2005 to 196,000 units and will decrease to 188,000 units in 2006.

Prices: Home prices are high and typically growing at several times inflation. The gap with inflation will be narrowed by growing existing home listings. Prices will increase by six per cent in 2005 and 3.8 per cent in 2006.

Provincial Highlight

Ontario's Rental Vacancies Up

Strong home buying will keep Ontario's vacancies high over the next couple of years.

Ontario's average vacancy rate rose for the fourth consecutive year, to 4.1 per cent in October 2004, from 3.5 per cent the year before. Vacancy rates were up in nine of the province's 11 Census Metropolitan Areas. In Windsor, where rents are relatively high, the vacancy rate jumped and was the highest in the country. More favourable than usual migration and jobs helped lower St. Catharines-Niagara and Greater Sudbury vacancy rates. Ontario's 1.2 per cent average annual rent increase was well below the 2.3 per cent general inflation rate over the same period.

The decline in rental demand was mostly the result of renters buying homes in today's low mortgage rate environment and partly the result of less people moving to the province. Renters are more likely to purchase their first home when borrowing costs are low.

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Quebec

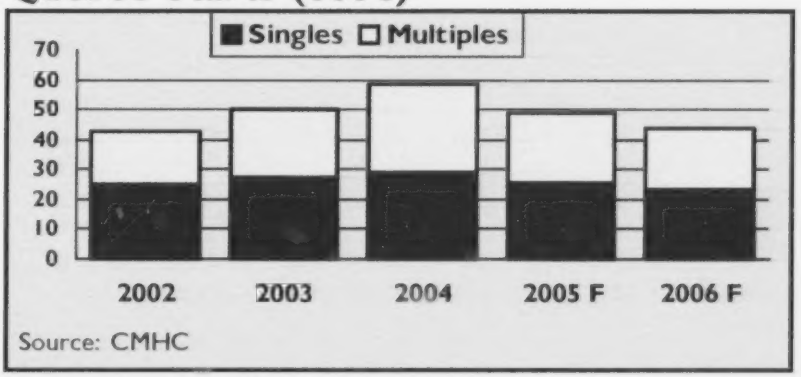
Overview

Housing markets less active in 2005

Following several years of growth, housing starts in Quebec will slow to 49,000 units in 2005 and 44,000 units in 2006. The province's demographic outlook will continue to support housing demand.

The high value of the Canadian dollar and weakness in certain key sectors, such as manufacturing and aeronautical, continue to impact provincial economic growth. On the positive side, consumers have remained confident and continued to spend in 2004. Private sector investment in fixed capital, has grown as a result of a stronger Canadian dollar and brighter balance sheets. However, in order for the provincial government to achieve budget objectives, new public spending will be limited to essential areas. Whereas the value of Quebec exports rose in 2004, the high value of the Canadian dollar and increased competition are key risks for the short term. On balance these factors will result in GDP growth in line with the national average in 2005 and 2006.

Quebec Starts (000's)



Source: CMHC

Quebec's demographic picture will be an important source of housing demand. In particular, thanks to steady and significant increases in the number of immigrants, net migration rose from 15,000 in 2000 to approximately 32,000 in 2003. It is expected that net migration will approach 40,000 by 2006. Meanwhile, the aging of the province's population has led to increased demand for various forms of targeted apartment units such as condominiums, retirement and seniors housing. However, low, albeit rising mortgage rates and rising prices will contribute to lower levels of residential construction this year and next.

In Detail

Single Starts: Slower employment growth, slightly higher mortgage rates, looser resale markets and price pressures will continue to erode momentum of single-detached home construction in the coming years. Single starts will be in the vicinity of 25,500 units in 2005 and 23,500 units in 2006.

Multiple Starts: After several years of very strong growth, multi-family home construction - especially apartments - in Quebec will decline in 2005. However, as demand for condominiums, seniors residences, and conventional rental housing continues to be strong, construction in this category will remain at relatively high levels. We expect multi-family starts of about 23,500 units in 2005, descending to 20,500 in 2006.

Resales: Higher mortgage rates and moderate employment growth will also lead to a decrease in sales of existing homes High price levels will also contribute to the decrease in MLS® sales to 61,000 units in 2005 and 58,000 units in 2006.

Prices: As listings increase and demand slows, price growth in the existing home market will slow in the next few years. Despite this outlook, market conditions will continue to favour sellers and prices will continue to rise. The average price in this market should increase 7.7 per cent to $186,000 in 2005, and 4.3 per cent to $194,000 in 2006.

Provincial Highlight

Quebec's Vacancy Rate Rises

According to the results of the CMHC's 2004 Rental Market Survey, the average vacancy rate in privately initiated buildings with three or more units in the province of Quebec has reached 1.7 per cent, compared to 1.3 per cent at the time of the 2003 survey. The increase in rental construction, weaker youth employment growth and rising rates of homeownership, contributed to easing rental market conditions. These factors were only partially offset by the increase in immigration and the rise in house prices which helped boost demand for rental housing. As a result, vacancy rates have increased gradually.

The survey results show that the vacancy rates rose moderately in five of Quebec's six census metropolitan areas (CMAs) in 2004. The Gatineau area registered the greatest increase (from 1.2 per cent up to 2.1 per cent in October 2004), while a decrease in the vacancy rate was observed in the Trois-Rivières area (from 1.5 per cent down to 1.2 per cent in 2004). Montreal's vacancy rate edged up to 1.5 per cent while Quebec's rose to over 1.0 per cent.

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New Brunswick

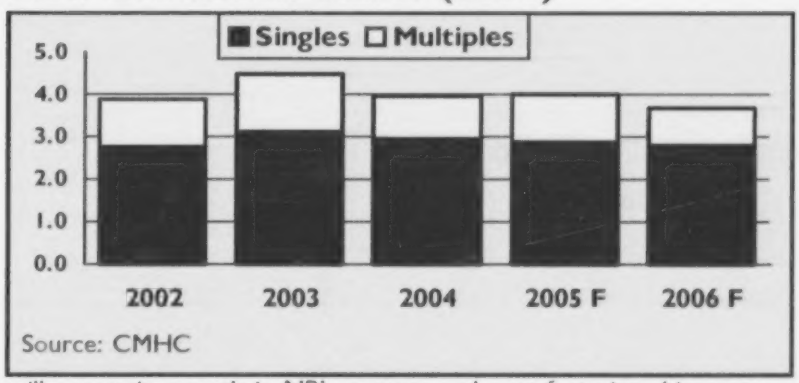
Overview

Capital projects to stimulate economic growth

After slowing down in 2004, the construction industry is expected to level off in 2005. A number of big projects will contribute to provincial economic growth over the next few years. These include construction of a $750 million LNG terminal and the Trans-Canada Pipeline co-generation plant in Saint John, the twinning of the TC Highway, McCain's investment in additional food-processing capacity in the North West, and the $60 million Irving personal care diaper facility in Moncton. The provincial government is also planning to spend upwards of $250 million on municipal infrastructure and improving the border crossings with the United States. The stimulative impact of these capital projects will be partially offset by the closing of the Miramichi and Nackawic pulpmills. Also, the high value of the Canadian dollar will constrain growth in NB's exports and manufacturing shipments. On balance, these factors will lead to stronger growth in provincial real gross domestic product which will rise from 2.8 per cent in 2004 to 3.0 per cent in 2005. As well, the construction of many of these key projects combined with growth in the service sector will generate more new jobs in 2005. Employment growth will ease back to 1.0 per cent in 2005.

Mortgage rates will remain low which will cushion the impact of rising inventories in the resale market, higher prices for building materials, and increasing land costs. Starts will edge higher to 4,000 units in 2005 and decrease to 3,700 units in 2006.

New Brunswick Starts (000's)



Source: CMHC

In Detail

Single Starts: Weakening demand for new single-family dwellings in rural areas combined with rising construction costs and lot prices in urban centres will cause a slowdown in single starts over the forecast period. Expect single starts to decrease to 2,900 and 2,800 units in 2005 and 2006, respectively.

Multiple Starts: The completion of many rental projects started in 2003 temporarily oversupplied the market in 2004. As a result, many projects initially planned for 2004 have been postponed to 2005. Semi-detached starts will continue to remain strong in 2005 as these units will continue to be very attractive to first-time buyers. Consequently, expect multiple starts to bounce back from 977 units in 2004 to 1,100 units in 2005, but drop to 900 units in 2006.

Resales: An increasing supply of existing homes available for sale in most larger urban centres and a broadening gap between existing and new home prices will cause many households to opt for the resale market. As a result, expect MLS® sales to reach a record level of 6,200 units in 2005 and edge down to 6,100 units in 2006.

Prices: Price growth in 2005 will cool due to a significant rise in listings. Multiple offers on properties will not be as common in 2005. Low mortgage rates will also allow many potential buyers to purchase their first home. Expect the average MLS® price to increase by 3.2 per cent in 2005 and 3.0 per cent in 2006.

Provincial Highlight

Spotlight on Greater Saint John

Saint John's economy is expected to perform well over the forecast period. Along with the Irving Oil liquefied natural gas project and the Trans-Canada Pipeline co-generation plant, the refurbishment of the Point Lepreau nuclear power plant could also generate tremendous economic growth in 2005-2006, as this project remains under active consideration. The tourism industry also continues to fuel the local economy. The summer of 2004 was one of, if not the best season ever, for the cruise ship industry. This is mainly due to *Royal Caribbean* bringing 45,000 passengers to visit the Port of Saint John in 2004. Without *Royal Caribbean*'s return in 2005, passenger traffic will decline but remain strong in historical terms. A series of waterfront developments improving the coastline is also noteworthy.

All of these projects will contribute to economic growth and residential construction. Expect total housing starts in Greater Saint John to rise over the next few years.

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Nova Scotia

Overview

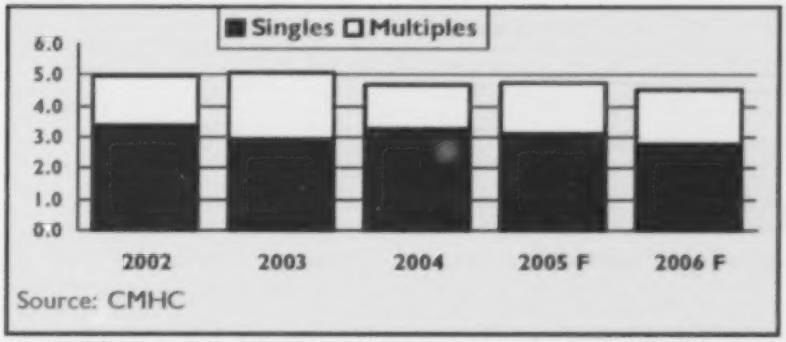
Expect a soft landing

The Nova Scotia housing market will remain below its recent peak in the residential real estate cycle in both 2005 and 2006. However, economic conditions are expected to be sufficiently healthy over the forecast period. Nevertheless, with Nova Scotia's economic performance expected to lag most other provinces, net migration is expected to revert to negative territory, dampening prospects for further housing growth.

Non-residential construction activity will be the main factor contributing to accelerating economic growth through 2005, with projects such as the Bear Head LNG terminal, the Halifax Harbour Clean-Up and the Sydney Tar Ponds Clean-Up complemented by smaller scale commercial and institutional construction projects. While the tourism and manufacturing sectors will face a considerable challenge in adjusting to a higher Canadian dollar, the related likelihood of further delays in interest rate hikes in the first half of this year will certainly be well received by consumers. This solid economic foundation will stimulate additional job creation over the next two years, although at a slower pace than the surprisingly strong rate of growth experienced in 2004.

Pent-up housing demand across the province has now been satisfied and the stimulative impact of historically low mortgage rates on home ownership demand has already largely occurred. Although the economic foundation for housing activity remains solid, it lags the anticipated performance in most other provinces, diminishing the potential for a continued run in housing market growth. After falling 7.4 per cent to 4,717 in 2004, total housing starts are expected to edge up 0.7 per cent this year, settling at 4,750 units in 2005 and then decrease to 4,550 units in 2006.

Nova Scotia Starts (000's)



Source: CMHC

In Detail

Single Starts: An increasing inventory of homes for sale and declining home ownership demand will result in a decline in single-detached housing starts. This will be particularly evident in 2006 when the rise in mortgage rates is expected to be more pronounced and the Nova Scotia resale market approaches buyers' conditions. Single starts are expected to fall approximately 5.2 per cent to 3,100 in 2005 and about 9.7 per cent to 2,800 in 2006.

Multiple Starts: After dropping 32 per cent last year, multiple unit starts are forecast to rebound strongly in 2005 and 2006 to 1,650 and 1,750 units, respectively. Condo development in Metro Halifax is expected to accelerate after a brief respite in 2004, while new condo projects are also planned in smaller centers such as Truro, Wolfville and Cape Breton. In addition, rental construction is expected to begin to recover this year from relatively low levels caused by the magnetic first time home ownership conditions of the past three years. The expected implementation of HRM's Regional Plan and its goal to increase the density of development in Metro Halifax over the next 25 years will also play a role in the growth in multiple starts through 2006.

Resales: Resale market activity will continue to soften in Metro Halifax and Northern Nova Scotia and will be joined by most other areas of the province by the end of this year. The slight rise in mortgage rates and out-migration will stifle home ownership demand. After falling below the 9,000 mark last year, MLS sales are forecast to decrease to 8,800 units in 2005 and to 8,550 units in 2006.

Prices: Balanced resale markets and a shift in demand toward first time buyers in 2005 will precipitate a fairly sharp deceleration in MLS sale price growth to 2.2 per cent this year and 3.2 per cent in 2006.

Provincial Highlight

Spotlight on Greater Cape Breton

A combination of low mortgage rates and strong job creation are key factors behind the impressive strength of the Cape Breton housing market. Growth in call centre employment in recent years has been a key factor in pulling down the apartment vacancy rate in the Cape Breton Regional Municipality to 5.9 per cent in 2004 from 19.7 per cent in 1997. The resale market is also doing very well, posting over 500 MLS sales in 2004 for only the third time on record. This relatively strong pace of sales is stimulating price growth with the annual average MLS sale price surpassing $68,000 for the first time ever in 2004. Total housing starts activity is particularly impressive with 300 in 2004, a 60% increase over 2003.

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P.E.I.

Overview

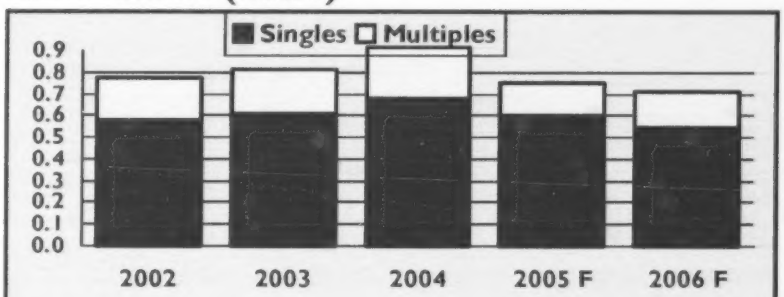
Total Housing Starts to Decrease in 2005

The Island's economy is expected to grow at a moderate rate over the forecast period, as a result of improvements in the resource, manufacturing and tourism sectors. The agriculture industry is expected to advance marginally in 2004, through a normal yield of potatoes and stable prices. The discovery of another case of potato wart in late 2004 may have a negative impact if the US imposes sanctions. Manufacturing is also expected to post gains in 2005, as the seafood-processing industry returns to full production and as the new beef processing plant in Borden comes on-line. After a disappointing year in 2004, a new marketing campaign was launched in order to boost tourism in 2005. The continued strength of the Canadian dollar does pose a risk to this forecast. As much of the Island's exports are destined for American markets, this could dampen demand as the year progresses. At the end of 2004 there was already some indications that certain sectors were starting to feel its effects.

The rate of employment and labour force growth on the Island is expected to remain positive over the forecast period. The construction sector, particularly the non-residential component, is expected to create additional employment in 2005. The labour force will also see growth as more Islanders continue to look for work and the influx of positive net migration continues. Total employment is expected to grow by 1.0 per cent in both 2004 and 2005.

Housing starts are expected to remain strong in historical terms this year, as the result of continuing strength of single detached starts in both Charlottetown and Summerside. Nevertheless, housing starts will decline to 750 units in 2005, and to 710 units in 2006.

P.E.I. Starts (000's)



Source: CMHC

In Detail

Single Starts: The construction of single-family homes is expected to remain strong over the forecast period, although 2005 will fall short of the 16-year high set in 2004. Single housing starts are expected to reach 600 and 550 units in 2005 and 2006, respectively.

Multiple Starts: Multiple starts in 2005 are expected to reach 150 units, a decrease of 87 units from 2004, before rising slightly to 160 units in 2006. The decrease this year will come as the construction of apartment units falls back to more normal levels in both the Charlottetown and Summerside markets.

Resales: MLS® sales in PEI have hovered around the 1,200 to 1,500 level for the past seven years. Sales will decrease to 1,450 units in 2005 and 2006. While the demand for existing homes remains strong, the diminished supply of listings in the key price ranges continues to be the main factor limiting an increase in sales.

Prices: After several years of strong price growth, fuelled by a shortage of listings and strong demand for existing homes in the province's urban centres, the average MLS® sales price will increase 2.6 per cent in both 2005 and 2006. The level of growth is not expected to be at the same pace as what was seen in 2004.

Provincial Highlight

Spotlight on Non-Residential Construction

Nonresidential construction in PEI should hit a four year high in 2005, as numerous projects are expected to begin in the Charlottetown area. While projects, such as the new Home Depot, Sears Outlet and a new residence on the campus of UPEI will carry over into 2005, several other projects are slated to begin as well. The largest project slated to begin this year is the new Federal Building with a price tag of almost $50-million. This building, which is being billed as the most environmentally friendly building the Canadian government has ever built should get under way in spring.

Maritime Electric is also planning on having their $35 million gas fired turbine completed by the fall of 2005. This turbine will add 50 megawatts of generating capacity to the company's holdings. The generator will operate initially on light fuel oil but can be converted to operate on natural gas should it become available on the Island.

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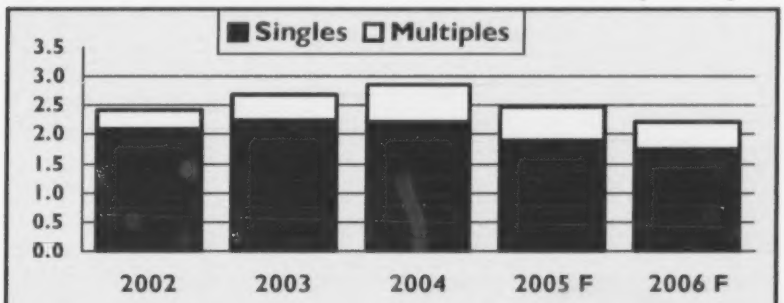
Newfoundland and Labrador

Overview

Economic Growth to Slow in 2005 but Will Bounce Back in 2006

As has been the case in recent years, Newfoundland and Labrador's economic fortunes will remain closely linked to major resource based developments in 2005 and 2006. With oil production forecast to fall slightly and construction work on the Voisey's Bay and White Rose projects drawing to a close, GDP growth will slip to 0.5 per cent in 2005. Production from the White Rose oil field and Voisey's Bay mine is scheduled to commence in late 2005 providing a major boost to economic growth next year with GDP expected to advance by a healthy 4.5 per cent. While recent agreements with the Federal Government on health care and equalization will inject millions of additional dollars to provincial revenues, fiscal restraint measures stemming from a burgeoning debt will likely remain a drag on growth over the medium term. A new deal with the Federal Government on offshore oil and gas revenue sharing has resulted in an immediate windfall of $2.0 billion for the province. Despite this windfall, an accumulated debt of $11.5 billion and an annual operating deficit of $913.6 million in 2003-04 will limit the scope for additional provincial government spending. Reduced activity in the fishery and winding down of construction on Voisey's Bay and White Rose will lower employment growth to 0.5 per cent this year and next. Growth in consumer spending will moderate from recent levels reflecting only modest income gains and rising interest rates. With overall economic prospects significantly diminished from recent years, expect population losses to continue. These conditions will take their toll on housing demand and housing starts will decline to 2,475 units in 2005 and 2,225 units in 2006.

Newfoundland and Labrador Starts (000's)



Source: CMHC

In Detail

Single Starts: Slower employment and income growth along with steadily rising inventories of existing homes will have a dampening effect on single-detached construction over the next two years. Higher interest rates and increased building costs will also hamper single starts by boosting mortgage carrying costs. These conditions will maintain the shift to less expensive multi-style units such as townhouses at the expense of singles. Given these conditions, expect single starts to decrease to 1,900 and 1,750 in 2005 and 2006, respectively.

Multiple Starts: The lower price of higher density housing and sustained demand from a growing population of seniors and empty nesters will keep multiple starts active. With construction costs increasing, demand for single-detached homes with basement apartments will also remain strong. Although public sector investment in affordable housing will provide additional support, expect some declines in multiple starts to 575 units in 2005 and to 475 units in 2006.

Resales: Following nine years of growth, provincial MLS® sales have peaked and will gradually decline to 3,100 units in 2005 and 3,000 units in 2006. The St. John's market will move to balanced conditions in the first half of 2005.

Prices: Expect growth in the average MLS® house price to slow this year and next in response to increased supply and reduced demand. Gains of 2.3 per cent and 1.5 per cent are forecast in 2005 and 2006, respectively.

Provincial Highlight

Vacancy Rates Higher in Most Markets

With the exception of the Gander area, where the apartment vacancy rate declined to 5.8 per cent, rental markets in all other provincial urban centres posted higher vacancy rates in 2004. Strong home buying activity in the St. John's region, where MLS® sales hit record levels for the sixth consecutive year and housing starts posted their strongest performance since 1973, pushed the apartment vacancy rate to 3.1 per cent in October 2004, up from 2.0 per cent a year earlier. Strikes in the local mining industry were largely responsible for further weakening in the Labrador City-Wabush area which saw its vacancy rate climb to 18.7 per cent last October, up from 16.3 per cent in 2003. Corner Brook remained the tightest market in the province with the vacancy rate inching up to 1.5 per cent from 1.3 per cent in October of 2003. Recent additions to the supply of rental stock and layoffs in the local information technology industry led to a softening market within the Grand Falls-Windsor area, where the vacancy rate edged up to 3.3 per cent in October 2004 from 2.7 per cent a year earlier.

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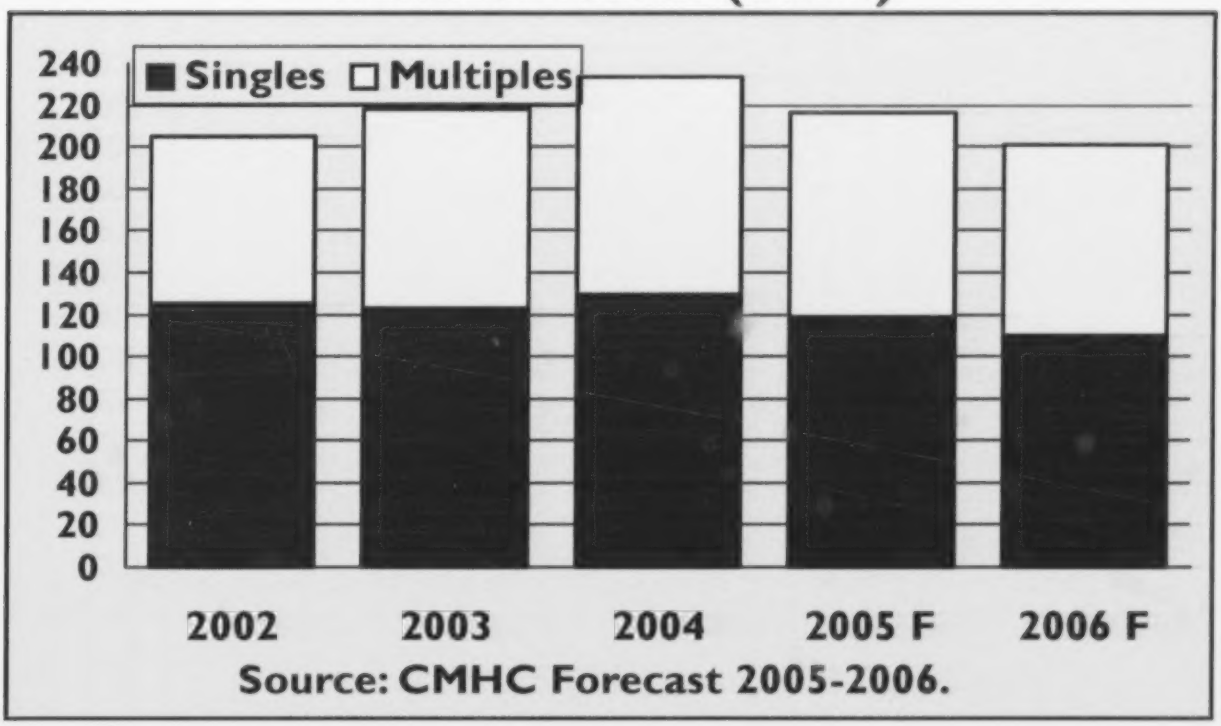
Canada Starts (000's)



Source: CMHC Forecast 2005-2006.

Total Housing Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,459	1,788	2,419	2,692	2,870	2,475	2,225
%	6.4	22.5	35.3	11.3	6.6	-13.8	-10.1
PEI	710	675	775	814	919	750	710
%	15.3	-4.9	14.8	5.0	12.9	-18.4	-5.3
NS	4,432	4,092	4,970	5,096	4,717	4,750	4,550
%	4.3	-7.7	21.5	2.5	-7.4	0.7	-4.2
NB	3,079	3,462	3,862	4,489	3,947	4,000	3,700
%	10.9	12.4	11.6	16.2	-12.1	1.3	-7.5
QUE	24,695	27,682	42,452	50,289	58,448	49,000	44,000
%	-4.1	12.1	53.4	18.5	16.2	-16.2	-10.2
ONT	71,521	73,282	83,597	85,180	85,114	80,500	75,000
%	6.4	2.5	14.1	1.9	-0.1	-5.4	-6.8
MAN	2,560	2,963	3,617	4,206	4,440	4,400	4,800
%	-18.3	15.7	22.1	16.3	5.6	-0.9	9.1
SASK	2,513	2,381	2,963	3,315	3,781	3,850	3,500
%	-18.6	-5.3	24.4	11.9	14.1	1.8	-9.1
ALTA	26,266	29,174	38,754	36,171	36,270	33,000	31,500
%	3.2	11.1	32.8	-6.7	0.3	-9.0	-4.5
BC	14,418	17,234	21,625	26,174	32,925	33,600	31,100
%	-11.6	19.5	25.5	21.0	25.8	2.1	-7.4
Canada	151,653	162,733	205,034	218,426	233,431	*216,300	*201,100
%	1.1	7.3	26.0	6.5	6.9	-7.3	-7.0

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	**1,315**	**1,598**	**2,092**	**2,240**	**2,229**	**1,900**	**1,750**
%	6.7	21.5	30.9	7.1	-0.5	-14.8	-7.9
PEI	**614**	**551**	**582**	**613**	**682**	**600**	**550**
%	30.1	-10.3	5.6	5.3	11.3	-12.0	-8.3
NS	**2,856**	**2,761**	**3,363**	**2,968**	**3,270**	**3,100**	**2,800**
%	-14.6	-3.3	21.8	-11.7	10.2	-5.2	-9.7
NB	**2,442**	**2,573**	**2,769**	**3,139**	**2,970**	**2,900**	**2,800**
%	10.9	5.4	7.6	13.4	-5.4	-2.4	-3.4
QUE	**15,349**	**17,193**	**25,257**	**27,225**	**28,871**	**25,500**	**23,500**
%	-2.8	12.0	46.9	7.8	6.0	-11.7	-7.8
ONT	**41,087**	**39,632**	**51,114**	**47,610**	**48,929**	**45,000**	**41,000**
%	4.2	-3.5	29.0	-6.9	2.8	-8.0	-8.9
MAN	**2,348**	**2,460**	**3,016**	**3,165**	**3,484**	**3,500**	**3,800**
%	5.2	4.8	22.6	4.9	10.1	0.5	8.6
SASK	**1,890**	**1,627**	**1,931**	**2,097**	**2,193**	**2,200**	**2,200**
%	-8.7	-13.9	18.7	8.6	4.6	0.3	0.0
ALTA	**16,835**	**19,769**	**24,520**	**21,918**	**22,487**	**20,000**	**19,000**
%	0.9	17.4	24.0	-10.6	2.6	-11.1	-5.0
BC	**7,448**	**7,862**	**10,730**	**12,252**	**14,056**	**13,800**	**12,600**
%	-14.7	5.6	36.5	14.2	14.7	-1.8	-8.7
CAN	**92,184**	**96,026**	**125,374**	**123,227**	**129,171**	***118,500**	***110,000**
%	0.0	4.2	30.6	-1.7	4.8	-8.3	-7.2

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	**144**	**190**	**327**	**452**	**641**	**575**	**475**
%	4.3	31.9	72.1	38.2	41.8	-10.3	-17.4
PEI	**96**	**124**	**193**	**201**	**237**	**150**	**160**
%	-33.3	29.2	55.6	4.1	17.9	-36.7	6.7
NS	**1,576**	**1,331**	**1,607**	**2,128**	**1,447**	**1,650**	**1,750**
%	74.1	-15.5	20.7	32.4	-32.0	14.0	6.1
NB	**637**	**889**	**1,093**	**1,350**	**977**	**1,100**	**900**
%	10.8	39.6	22.9	23.5	-27.6	12.6	-18.2
QUE	**9,346**	**10,489**	**17,195**	**23,064**	**29,577**	**23,500**	**20,500**
%	-6.0	12.2	63.9	34.1	28.2	-20.5	-12.8
ONT	**30,434**	**33,650**	**32,483**	**37,570**	**36,185**	**35,500**	**34,000**
%	9.4	10.6	-3.5	15.7	-3.7	-1.9	-4.2
MAN	**212**	**503**	**601**	**1,041**	**956**	**900**	**1000**
%	-76.5	137.3	19.5	73.2	-8.2	-5.9	11.1
SASK	**623**	**754**	**1,032**	**1,218**	**1,588**	**1,650**	**1,300**
%	-38.9	21.0	36.9	18.0	30.4	3.9	-21.2
ALTA	**9,431**	**9,405**	**14,234**	**14,253**	**13,783**	**13,000**	**12,500**
	7.7	-0.3	51.3	0.1	-3.3	-5.7	-3.8
BC	**6,970**	**9,372**	**10,895**	**13,922**	**18,869**	**19,800**	**18,500**
%	-8.0	34.5	16.3	27.8	35.5	4.9	-6.6
CAN	**59,469**	**66,707**	**79,660**	***95,199**	**104,260**	**97,800**	**91,100**
%	2.9	12.2	19.4	19.5	9.6	-6.2	-6.9

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NF	Semi-detached	44	30	36	66	264	200	150
	Row	23	36	42	107	51	55	50
	Apartment	77	124	249	279	326	320	275
	Total	144	190	327	452	641	575	475
PEI	Semi-detached	46	56	64	72	76	60	50
	Row	21	10	47	40	80	30	40
	Apartment	29	58	82	89	81	60	70
	Total	96	124	193	201	237	150	160
NS	Semi-detached	266	228	253	338	266	250	215
	Row	17	40	144	277	186	225	260
	Apartment	1,293	1,063	1,210	1,513	995	1,175	1,275
	Total	1,576	1,331	1,607	2,128	1,447	1,650	1,750
NB	Semi-detached	113	114	186	254	293	350	300
	Row	26	153	68	143	256	155	100
	Apartment	498	622	839	953	428	595	500
	Total	637	889	1,093	1,350	977	1,100	900
QC	Semi-detached	1,291	1,309	1,855	2,432	2,932	2,500	2,400
	Row	858	869	964	773	1,109	900	800
	Apartment	7,197	8,311	14,376	19,859	25,536	20,100	17,300
	Total	9,346	10,489	17,195	23,064	29,577	23,500	20,500
ON	Semi-detached	7,167	7,106	6,886	6,379	5,172	3,800	3,500
	Row	10,846	10,269	11,849	12,191	12,824	13,200	13,000
	Apartment	12,421	16,275	13,748	19,000	18,189	18,500	17,500
	Total	30,434	33,650	32,483	37,570	36,185	35,500	34,000
MAN	Semi-detached	52	51	68	88	132	90	70
	Row	63	84	76	62	92	70	80
	Apartment	97	368	457	891	732	740	850
	Total	212	503	601	1,041	956	900	1,000
SK	Semi-detached	148	116	142	95	184	150	150
	Row	173	240	456	594	681	600	350
	Apartment	302	398	434	529	723	900	800
	Total	623	754	1,032	1,218	1,588	1,650	1,300
ALB	Semi-detached	1,518	1,957	2,869	2,567	2,916	2,950	3,500
	Row	1,545	1,779	2,531	2,859	2,401	2,350	2,800
	Apartment	6,368	5,669	8,834	8,827	8,466	7,700	6,200
	Total	9,431	9,405	14,234	14,253	13,783	13,000	12,500
B.C.	Semi-detached	885	916	1,225	1,353	2,062	2,200	2,000
	Row	1,675	1,686	2,305	3,297	4,387	4,500	4,100
	Apartment	4,410	6,770	7,365	9,272	12,420	13,100	12,400
	Total	6,970	9,372	10,895	13,922	18,869	19,800	18,500
CAN	Semi-detached	11,530	11,883	13,584	13,644	14,297	12,550	12,335
	Row	15,247	15,166	18,482	20,343	22,067	22,085	21,580
	Apartment	32,692	39,658	47,594	61,212	67,896	63,190	57,170
	Total	59,469	66,707	79,660	*95,199	104,260	97,800	91,100

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	2,593	2,808	3,014	3,238	3,380	3,100	3,000
%	6.4	8.3	7.3	7.4	4.4	-8.3	-3.2
PEI	1,206	1,234	1,306	1,404	1,500	1,450	1,450
%	1.9	2.3	5.8	7.5	6.8	-3.3	0.0
NS	8,577	9,441	10,243	9,221	8,873	8,800	8,550
%	-2.8	10.1	8.5	-10.0	-3.8	-0.8	-2.8
NB	4,524	4,779	5,089	5,489	5,979	6,200	6,100
%	3.4	5.6	6.5	7.9	8.9	3.7	-1.6
QUE	54,160	62,351	67,179	67,481	64,907	61,000	58,000
%	8.8	15.1	7.7	0.4	-3.8	-6.0	-4.9
ONT	147,158	162,318	178,058	184,457	197,354	196,000	188,000
%	-1.0	10.3	9.7	3.6	7.0	-0.7	-4.1
MAN	10,612	11,440	11,108	11,523	12,098	13,000	13,800
%	-2.3	7.8	-2.9	3.7	5.0	7.5	6.2
SASK	7,552	7,971	7,933	7,698	8,172	8,500	8,800
%	-6.2	5.5	-0.5	-3.0	6.2	4.0	3.5
ALTA	43,311	48,989	51,042	51,334	57,460	57,000	54,000
%	1.5	13.1	4.2	0.6	11.9	-0.8	-5.3
BC	54,179	69,554	82,737	93,095	96,385	90,000	85,600
%	-6.7	28.4	19.0	12.5	3.5	-6.6	-4.9
CAN**	333,872	380,885	417,709	434,940	456,108	*445,100	*427,300
%	-0.3	14.1	9.7	4.1	4.9	-2.4	-4.0

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	99,525	104,376	113,081	119,822	130,096	133,000	135,000
%	5.5	4.9	8.3	6.0	8.6	2.2	1.5
PEI	82,883	87,696	94,964	101,745	110,815	113,750	116,750
%	0.9	5.8	8.3	7.1	8.9	2.6	2.6
NS	109,839	115,485	126,669	136,292	146,096	149,250	154,000
%	7.0	5.1	9.7	7.6	7.2	2.2	3.2
NB	91,624	95,947	100,129	105,858	112,933	116,500	120,000
%	4.0	4.7	4.4	5.7	6.7	3.2	3.0
QUE	111,296	115,820	130,913	152,042	173,725	186,000	194,000
%	3.5	4.1	13.0	16.1	14.3	7.1	4.3
ONT	183,841	193,357	210,901	226,824	245,229	260,000	270,000
%	5.6	5.2	9.1	7.5	8.1	6.0	3.8
MAN	87,884	93,192	96,531	106,788	119,245	128,000	134,000
%	1.7	6.0	3.6	10.6	11.7	7.3	4.7
SASK	94,047	98,310	101,297	104,995	110,824	115,000	120,000
%	2.9	4.5	3.0	3.7	5.6	3.8	4.3
ALTA	146,258	153,737	170,253	182,845	194,769	206,000	218,000
%	4.8	5.1	10.7	7.4	6.5	5.8	5.8
BC	221,371	222,822	238,877	259,968	289,107	308,000	315,000
%	2.8	0.7	7.2	8.8	11.2	6.5	2.3
CAN**	164,036	171,801	189,005	207,142	227,261	240,500	248,700
%	3.7	4.7	10.0	9.6	9.7	5.8	3.4

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-0.2	3.3	1.2	1.8	1.4	0.5	0.5
PEI	5.3	2.0	1.8	2.6	1.0	1.0	1.0
NS	2.7	0.9	1.2	1.7	2.4	1.5	1.2
NB	1.8	0.0	3.3	-0.2	2.3	1.0	1.2
QUE	2.4	1.1	3.4	1.6	1.5	1.7	1.9
ONT	3.2	1.5	1.8	2.6	1.7	1.7	2.0
MAN	2.2	0.6	1.6	0.3	1.2	1.3	1.6
SASK	1.0	-2.6	2.0	1.0	0.7	1.3	1.4
ALTA	2.3	2.8	2.6	2.9	1.9	2.1	2.1
BC	2.2	-0.3	1.6	2.5	2.4	2.2	2.0
CAN	2.6	1.1	2.2	2.2	1.7	1.7	1.9

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Unemployment Rate (percent)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	16.7	16.1	17.0	16.7	16.0	15.9	15.9
PEI	12.0	11.9	12.1	11.0	11.4	11.4	11.4
NS	9.1	9.7	9.7	9.3	9.0	9.0	9.0
NB	10.0	11.2	10.5	10.6	9.9	9.9	9.8
QUE	8.4	8.7	8.6	9.1	8.4	8.3	8.0
ONT	5.7	6.3	7.1	7.0	6.8	6.7	6.6
MAN	4.9	5.0	5.2	5.0	5.3	5.2	4.9
SASK	5.2	5.8	5.6	5.6	5.4	5.2	5.2
ALTA	5.0	4.6	5.3	5.1	4.7	4.6	4.6
BC	7.2	7.7	8.5	8.1	7.3	6.7	6.5
CAN	6.8	7.2	7.6	7.6	7.2	7.1	6.9

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	5.2	1.3	16.7	6.8	1.5	0.5	4.5
PEI	1.9	-0.3	6.1	1.9	1.0	1.5	2.0
NS	3.1	2.9	5.2	1.2	2.2	2.7	3.0
NB	2.1	1.3	4.8	2.5	2.8	3.0	2.7
QUE	4.3	1.1	4.1	1.9	2.9	3.0	3.1
ONT	5.9	2.0	3.4	1.6	2.8	3.1	3.3
MAN	4.3	0.8	2.2	1.5	2.8	3.0	3.1
SASK	2.6	-1.8	-0.3	4.5	3.0	2.9	2.9
ALTA	6.1	1.6	2.4	2.7	4.5	3.8	4.1
BC	4.6	0.9	3.3	2.5	3.0	3.2	3.3
CAN	5.2	1.8	3.4	2.0	2.7	3.0	3.2

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

Total Net Migration* (persons)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-4,725	-3,765	-2,718	-454	-2,300	-2,000	-2,000
PEI	20	357	151	461	100	125	225
NS	-564	-195	1,068	1,484	850	350	0
NB	-1,411	-1,175	543	-761	200	200	0
QUE	14,848	27,730	28,012	31,515	37,000	38,000	39,000
ONT	151,099	162,871	134,176	101,198	95,000	98,000	102,000
MAN	-377	-807	1,722	3,245	5,960	6,250	6,750
SASK	-7,648	-7,675	-6,334	-2,998	-1,800	-1,750	-1,350
ALTA	34,012	38,273	29,100	22,395	24,900	25,400	26,200
BC	14,483	28,700	23,105	31,660	35,000	38,000	41,500
CAN**	199,737	244,314	208,825	187,745	194,910	*202,575	*212,325

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2004	2,363	1,038	9.0	7,685	325,412	0.6
	2005(F)	2,400	1,020	7.5	7,750	355,000	1.2
	2006(F)	2,100	950	6.0	7,500	360,000	2.1
Vancouver	2004	19,430	5,614	5.0	37,972	373,877	1.3
	2005(F)	20,000	5,400	5.2	36,000	395,000	1.5
	2006(F)	19,000	5,200	5.0	35,000	415,000	1.5
Abbotsford	2004	1,083	607	n.a.	3,740	232,175	2.8
	2005(F)	1,100	600	na	3,700	245,000	3.0
	2006(F)	1,050	580	na	3,500	250,000	2.5
Edmonton	2004	11,488	6,614	4.0	17,652	179,610	5.3
	2005(F)	10,200	6,000	4.0	17,000	190,000	4.5
	2006(F)	9,750	5,750	4.0	16,500	199,000	4.0
Calgary	2004	14,008	8,233	5.6	26,511	222,860	4.3
	2005(F)	12,600	7,600	4.0	25,000	234,000	4.0
	2006(F)	11,750	7,100	4.0	24,500	244,500	4.0
Saskatoon	2004	1,578	753	4.7	2,999	132,549	6.3
	2005(F)	1,550	700	5.0	3,200	138,000	4.5
	2006(F)	1,300	700	5.0	3,400	144,000	4.0
Regina	2004	1,242	605	6.5	2,785	111,869	2.7
	2005(F)	1,250	600	7.0	2,900	115,500	2.7
	2006(F)	1,150	550	6.0	3,000	121,000	3.5
Winnipeg	2004	2,489	1,882	6.4	10,797	121,925	1.1
	2005(F)	2,550	1,800	8.0	11,700	132,000	1.3
	2006(F)	2,750	1,950	6.0	12,500	141,000	1.5
Thunder Bay	2004	287	241	1.8	1,453	112,500	5.0
	2005(F)	280	230	1.5	1,380	113,625	5.5
	2006(F)	230	220	1.0	1,408	114,193	6.0
Sudbury	2004	388	374	1.8	2,500	122,866	2.6
	2005(F)	390	340	1.5	2,600	125,937	2.0
	2006(F)	370	320	1.0	2,488	127,499	2.5
Windsor	2004	2,287	1,539	0.4	5,832	159,597	8.8
	2005(F)	2,055	1,400	0.8	5,500	165,000	6.5
	2006(F)	2,145	1,400	1.7	5,600	170,000	6.0
London	2004	3,078	2,336	4.7	9,238	167,344	3.7
	2005(F)	3,296	1,945	3.6	8,290	173,500	4.2
	2006(F)	2,445	1,825	3.0	7,940	176,000	4.0
Kitchener	2004	3,912	2,374	4.0	5,931	205,639	3.5
	2005(F)	3,695	2,275	4.0	6,000	219,000	3.2
	2006(F)	3,500	2,150	3.9	5,900	230,000	3.0
St. Catharines-Niagara	2004	1,781	1,292	6.7	6,723	170,425	2.6
	2005(F)	1,620	1,245	6.0	6,600	182,000	2.2
	2006(F)	1,590	1,150	5.0	6,250	191,500	2.0
Hamilton	2004	4,093	1,995	6.4	13,176	215,922	3.4
	2005(F)	4,550	2,100	6.5	13,500	227,000	3.0
	2006(F)	4,300	2,000	6.6	13,300	237,000	2.5
Toronto	2004	42,115	19,076	6.0	84,854	315,266	4.3
	2005(F)	38,500	17,000	6.5	86,000	331,000	5.0
	2006(F)	35,000	15,000	7.0	83,000	341,000	5.5

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2004	3,153	2,356	na	9,818	237,821	3.4
	2005(F)	3,230	2,300	na	9,100	250,000	3.2
	2006(F)	3,180	2,200	na	8,600	260,000	3.0
Kingston	2004	872	701	na	3,764	175,821	2.4
	2005(F)	630	600	na	3,650	184,000	2.5
	2006(F)	600	580	na	3,600	189,000	2.4
Ottawa	2004	7,243	3,245	6.6	13,457	238,152	3.9
	2005(F)	6,300	2,900	5.5	12,800	249,000	3.0
	2006(F)	5,900	2,600	5.0	12,400	257,000	2.9
Gatineau	2004	3,227	1,561	3.8	4,354	138,843	2.1
	2005(F)	2,500	1,450	3.0	4,200	152,000	2.3
	2006(F)	2,200	1,300	2.5	4,000	160,000	2.8
Montréal	2004	28,673	10,578	7.0	36,022	211,645	1.5
	2005(F)	24,500	9,000	6.0	34,000	226,000	2.0
	2006(F)	21,600	8,000	5.0	32,000	237,000	2.5
Trois-Rivières	2004	874	384	na	816	102,021	1.2
	2005(F)	600	250	na	730	104,000	3.0
	2006(F)	550	200	na	680	109,000	3.0
Sherbrooke	2004	1,355	521	na	1,250	131,000	0.9
	2005(F)	1,000	475	na	1,150	140,000	1.2
	2006(F)	900	400	na	1,000	143,000	1.4
Québec	2004	6,186	2,704	6.0	6,800	135,000	1.1
	2005(F)	5,300	2,600	5.0	6,150	149,000	1.8
	2006(F)	4,500	2,300	3.0	6,250	154,000	2.2
Saguenay	2004	347	244	na	1,077	100,000	5.3
	2005(F)	380	250	na	1,080	101,000	5.5
	2006(F)	350	240	na	1,050	103,000	5.4
Saint John	2004	516	387	1.7	1,600	117,000	5.8
	2005(F)	550	405	1.5	1,650	118,000	5.5
	2006(F)	600	390	1.5	1,600	123,000	5.0
Halifax	2004	2,627	1,510	2.1	5,526	175,070	2.9
	2005(F)	2,750	1,425	1.8	5,400	179,000	2.7
	2006(F)	2,700	1,250	2.2	5,200	186,000	2.3
St. John's	2004	1,834	1,275	5.0	3,203	132,993	3.1
	2005(F)	1,600	1,100	4.0	2,900	135,000	3.5
	2006(F)	1,500	1,000	3.0	2,800	137,000	4.0
Charlottetown	2004	490	331	3.5	521	139,988	4.5
	2005(F)	415	290	3.0	500	141,000	4.0
	2006(F)	400	275	3.0	500	142,500	3.8
ALL METRO AREAS	2004	169,019	80,370	4.8	328,056		2.7
	2005(F)	155,791	73,300	5.5	320,430		3.0
	2006(F)	143,410	67,580	5.5	311,466		3.2

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	03:Q1	03:Q2	03:Q3	03:Q4	04:Q1	04:Q2	04:Q3	04:Q4
New housing								
Building permits, units, thousands	210.4	215.5	232.0	232.0	231.9	252.8	245.1	n.a.
%	-1.9	2.4	7.7	0.0	-0.0	9.0	-3.0	n.a.
Housing starts, total, thousands	221.1	203.1	228.0	225.6	224.0	232.4	236.3	236.9
%	4.8	-8.1	12.3	-1.1	-0.7	3.8	1.7	0.3
Housing starts, singles, thousands	122.1	119.5	123.9	127.5	128.4	125.8	133.3	129.3
%	-4.5	-2.1	3.7	2.9	0.7	-2.0	6.0	-3.0
Housing starts, multiples, thousands	99.0	83.6	104.1	98.1	95.6	106.6	103.0	107.6
%	19.3	-15.6	24.5	-5.8	-2.5	11.5	-3.4	4.5
Housing completions, total, thousands	40.8	47.8	55.7	55.0	45.3	48.6	61.6	60.0
%	-24.9	17.3	16.4	1.2	11.1	7.4	26.7	-2.6
New house price index, 1997=100	114.6	115.9	117.3	119.0	120.4	122.6	124.2	n.a.
%	1.1	1.1	1.2	1.5	1.1	1.9	1.3	n.a.
Existing housing								
MLS® resales, units, thousands	416.7	413.0	463.8	448.2	451.4	473.4	455.0	446.2
%	2.1	-0.9	12.3	-3.4	0.7	4.9	-3.9	-1.9
MLS® average resale price, $C thousands	199,703	201,907	209,982	215,747	220,639	227,297	226,813	234,172
%	2.6	1.1	4.0	2.7	2.3	3.0	-0.2	3.2
Mortgage market								
1-year mortgage rate, per cent*	5.05	5.08	4.55	4.68	4.30	4.57	4.60	4.90
5-year mortgage rate, per cent*	6.63	6.20	6.28	6.45	5.85	6.45	6.38	6.25
Residential investment**								
Total, $1997 billions	60.8	60.7	63.5	64.8	66.2	67.2	67.8	n.a.
%	1.6	-0.1	4.6	2.0	2.2	1.6	0.8	n.a.
New, $1997 billions	30.3	29.7	30.7	32.1	32.7	33.0	33.4	n.a.
%	-0.2	-2.1	3.4	4.7	1.8	1.0	1.2	n.a.
Alterations, $1997 billions	21.8	22.5	22.9	23.3	24.0	24.1	24.8	n.a.
%	3.8	3.3	1.4	1.8	3.0	0.5	2.9	n.a.
Transfer costs, $1997 billions	8.71	8.67	9.97	9.46	9.60	10.15	9.73	n.a.
%	2.8	-0.4	15.0	-5.1	1.4	5.8	-4.1	n.a.
Deflator, 1997=100	116.2	117.4	119.1	121.0	122.0	124.9	125.9	n.a.
%	0.7	1.0	1.5	1.6	0.8	2.3	0.9	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.